

HOUSE BILL NO. 357

INTRODUCED BY D. FUCHS

A BILL FOR AN ACT ENTITLED: "AN ACT ~~DEPOSITING PART OF THE VIDEO GAMBLING MACHINE~~
~~GROSS INCOME TAX IN THE AGENCY FUND ACCOUNT OF~~ PROVIDING APPROPRIATIONS AN
APPROPRIATION TO THE BOARD OF HORSERACING; USING THE MONEY FOR ADDITIONAL BONUS
PAYMENTS FOR ~~WINNERS OF HORSERACES RUN EXCLUSIVELY FOR~~ BREEDERS OF MONTANA-BRED
HORSES THAT HAVE WON A RACE IN MONTANA AND FOR OTHER PURPOSES TO PROMOTE
HORSERACING IN MONTANA; ~~PROVIDING FOR A STATUTORY APPROPRIATION;~~ AMENDING SECTIONS
SECTION 17-7-502, 15-35-108 AND 23-4-105, ~~AND 23-5-610,~~ MCA; AND PROVIDING ~~AN~~ AN
EFFECTIVE ~~DATE AND AN APPLICABILITY DATE~~ DATES DATE."

WHEREAS, agriculture has historically been Montana's most important basic industry; and

WHEREAS, Montana horsebreeders and horsemen and horsewomen have contributed to the
development of the agricultural economy and the Montana economy through the use of hay, straw, feed,
tack, trucks, horsetrainers, farriers, and veterinarians; and

WHEREAS, it has been over 100 years since a Montana-bred horse has won the Kentucky Derby;
and

WHEREAS, Montana has more horses per capita than any other state, but of all horses racing
nationally, only 7% are bred in Montana; and

WHEREAS, the 49th Legislature enacted the Video Draw Poker Machine Control Law of 1985; and

WHEREAS, electronic gambling in Montana and the state lottery have significantly reduced the
interest in parimutuel betting; and

WHEREAS, in 1986, live horseracing was conducted at 13 county fairs across Montana, but now
live horseracing is conducted at only 6 county fairs; and

WHEREAS, in 1986, there were over 130 live horseracing days in Montana and nearly \$12 million
wagered in parimutuel betting, but now there are fewer than 50 live horseracing days and under \$3.5
million wagered in parimutuel betting; and

WHEREAS, the other forms of gambling have threatened the existence of horsebreeding and
horseracing in the state, resulting in a profound and negative impact on the state's agricultural economy;

1 and

2 WHEREAS, the 57th Legislature considers that it is appropriate to use a portion of the ~~proceeds~~
3 ~~of the video gambling machine gross income tax~~ FUNDS APPROPRIATED TO THE MONTANA GROWTH THROUGH
4 AGRICULTURE PROGRAM PROVIDED FOR IN TITLE 90, CHAPTER 9, AND MONEY DEPOSITED IN THE GENERAL FUND FROM THE
5 MONTANA LOTTERY to revitalize the horseracing industry in Montana.

6

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

8

9 NEW SECTION. **Section 1. Payments for additional breeders' bonuses and for other horseracing**
10 **purposes.** (1) Money deposited in the board's agency fund account from the video gambling machine gross
11 income tax under 23-5-610(6)(a)(ii) is statutorily appropriated, as provided in 17-7-502, for the purposes
12 of this section. The money APPROPRIATED TO THE BOARD AS PROVIDED FOR IN 15-35-108 [SECTION 3] must be
13 used for the following:

14 (a) bonus payments to winners of races that are run exclusively for THE BREEDERS OF Montana-bred
15 horses THAT HAVE WON A RACE IN MONTANA, as provided in subsection (2); and

16 (b) the purposes described in 23-4-105(1) and may include the payment of direct administrative
17 and operating expenses of licensed horseracing operations. ~~Eighty~~ TWENTY-FIVE percent of the amount
18 deposited in the board's agency fund account each calendar quarter under 23-5-610(6)(a)(ii) APPROPRIATED
19 must be used by the board as provided in this subsection (1)(b).

20 (2) ~~Twenty~~ SEVENTY-FIVE percent of the amount deposited in the board's agency fund account each
21 calendar quarter under 23-5-610(6)(a)(ii) APPROPRIATED PURSUANT TO 15-35-108 [SECTION 3] must be used
22 for payment of bonuses to breeders of Montana-bred horses. At the end of the racing season, the amount
23 available in the board's agency fund account for bonus payments must be distributed by the board to
24 Montana horsebreeders. The amounts paid as bonuses must be calculated as follows:

25 (a) divide the total amount available for bonus payments on the last day of the live racing season
26 by the total amount won by winners of races that are run exclusively for Montana-bred horses THAT ARE
27 WINNERS OF RACES IN MONTANA; and

28 (b) multiply the quotient derived under subsection (2)(a) by the total amount won by each
29 breeder's Montana-bred horse that won a race or races.

30

1 ~~Section 2. Section 17-7-502, MCA, is amended to read:~~

2 ~~"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory~~
3 ~~appropriation is an appropriation made by permanent law that authorizes spending by a state agency~~
4 ~~without the need for a biennial legislative appropriation or budget amendment.~~

5 ~~(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply~~
6 ~~with both of the following provisions:~~

7 ~~(a) The law containing the statutory authority must be listed in subsection (3).~~

8 ~~(b) The law or portion of the law making a statutory appropriation must specifically state that a~~
9 ~~statutory appropriation is made as provided in this section.~~

10 ~~(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901;~~
11 ~~5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702;~~
12 ~~15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404;~~
13 ~~16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319;~~
14 ~~19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107;~~
15 ~~20-26-1503; 22-3-1004; [section 1]; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;~~
16 ~~23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623;~~
17 ~~53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222;~~
18 ~~80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.~~

19 ~~(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,~~
20 ~~paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued~~
21 ~~pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of~~
22 ~~Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as~~
23 ~~determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the~~
24 ~~bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to~~
25 ~~sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for~~
26 ~~supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1,~~
27 ~~2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of~~
28 ~~19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability~~
29 ~~is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1,~~
30 ~~2014; and pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710~~

1 terminates June 30, 2005.)"

2

3 ~~SECTION 2. SECTION 15-35-108, MCA, IS AMENDED TO READ:~~

4 ~~"15-35-108. (Temporary) Disposal of severance taxes. Severance taxes collected under this~~
5 ~~chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:~~

6 ~~—— (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by~~
7 ~~Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund~~
8 ~~established under 17-6-203(6) and invested by the board of investments as provided by law.~~

9 ~~—— (2) Twelve percent of coal severance tax collections is allocated to the long-range building~~
10 ~~program account established in 17-7-205.~~

11 ~~—— (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be~~
12 ~~allocated by the legislature for local impacts, county land planning, provision of basic library services for~~
13 ~~the residents of all counties through library federations and for payment of the costs of participating in~~
14 ~~regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act.~~
15 ~~Expenditures of the allocation may be made only from this account. Money may not be transferred from~~
16 ~~this account to another account other than the general fund. Any unreserved fund balance at the end of~~
17 ~~each fiscal year must be deposited in the general fund.~~

18 ~~—— (4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of~~
19 ~~parks acquisition or management. Income from this trust fund must be appropriated for the acquisition,~~
20 ~~development, operation, and maintenance of any sites and areas described in 23-1-102.~~

21 ~~—— (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the~~
22 ~~renewable resource loan debt service fund.~~

23 ~~—— (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works~~
24 ~~of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be~~
25 ~~appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.~~

26 ~~—— (7) (a) Subject to subsection (7)(b), all other revenue from severance taxes collected under the~~
27 ~~provisions of this chapter must be credited to the general fund of the state.~~

28 ~~—— (b) The interest income from \$140 million of the coal severance tax permanent fund that is~~
29 ~~deposited in the general fund is statutorily appropriated, as provided in 17-7-502, for the biennium ending~~
30 ~~June 30, 2001, as follows:~~

- 1 ~~—— (i) \$65,000 to the cooperative development center;~~
2 ~~—— (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9,~~
3 ~~including any unencumbered amount up to \$386,125 to the board of horseracing for the purposes~~
4 ~~provided in [section 1];~~
5 ~~—— (iii) to the department of commerce;~~
6 ~~—— (A) \$350,000 for business recruitment;~~
7 ~~—— (B) \$125,000 for a small business development center;~~
8 ~~—— (C) \$50,000 for a small business innovative research program;~~
9 ~~—— (D) \$425,000 for certified communities;~~
10 ~~—— (E) \$200,000 for the Montana manufacturing extension center at Montana state~~
11 ~~university-Bozeman; and~~
12 ~~—— (F) \$300,000 for export trade enhancement; and~~
13 ~~—— (iv) \$600,000 to the department of administration for the purpose of reimbursing tax increment~~
14 ~~financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts~~
15 ~~on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as~~
16 ~~documented by the department of revenue. This documentation must be provided to the budget director~~
17 ~~and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax~~
18 ~~increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar~~
19 ~~arrangement provided by or on behalf of an owner of property within the district. (Terminates June 30,~~
20 ~~2001--sec. 10(1), Ch. 10, Sp. L. May 2000.)~~
21 ~~—— **15-35-108. (Effective July 1, 2001) Disposal of severance taxes.** Severance taxes collected under~~
22 ~~this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:~~
23 ~~—— (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by~~
24 ~~Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund~~
25 ~~established under 17-6-203(6) and invested by the board of investments as provided by law.~~
26 ~~—— (2) Twelve percent of coal severance tax collections is allocated to the long-range building~~
27 ~~program account established in 17-7-205.~~
28 ~~—— (3) The amount of 8.36% must be credited to an account in the state special revenue fund to be~~
29 ~~allocated by the legislature for local impacts, county land planning, provision of basic library services for~~
30 ~~the residents of all counties through library federations and for payment of the costs of participating in~~

~~1 regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act.~~
~~2 Expenditures of the allocation may be made only from this account. Money may not be transferred from~~
~~3 this account to another account other than the general fund. Any unreserved fund balance at the end of~~
~~4 each fiscal year must be deposited in the general fund.~~
~~5 ——— (4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of~~
~~6 parks acquisition or management. Income from this trust fund must be appropriated for the acquisition,~~
~~7 development, operation, and maintenance of any sites and areas described in 23-1-102.~~
~~8 ——— (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the~~
~~9 renewable resource loan debt service fund.~~
~~10 ——— (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works~~
~~11 of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be~~
~~12 appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.~~
~~13 ——— (7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected~~
~~14 under the provisions of this chapter must be credited to the general fund of the state.~~
~~15 ——— (b) The interest income from \$140 million of the coal severance tax permanent fund that is~~
~~16 deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as~~
~~17 follows:~~
~~18 ——— (i) \$65,000 to the cooperative development center;~~
~~19 ——— (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9,~~
~~20 including \$386,125 to the board of horseracing for the purposes provided for in [section 1];~~
~~21 ——— (iii) to the department of commerce;~~
~~22 ——— (A) \$350,000 for business recruitment;~~
~~23 ——— (B) \$125,000 for a small business development center;~~
~~24 ——— (C) \$50,000 for a small business innovative research program;~~
~~25 ——— (D) \$425,000 for certified communities;~~
~~26 ——— (E) \$200,000 for the Montana manufacturing extension center at Montana state~~
~~27 university-Bozeman; and~~
~~28 ——— (F) \$300,000 for export trade enhancement; and~~
~~29 ——— (iv) \$600,000 to the department of administration for the purpose of reimbursing tax increment~~
~~30 financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts~~

on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the district.

~~Beginning July 1, 2001, there is transferred annually from the interest income referred to in subsection (7)(b) \$4.85 million to the research and commercialization expendable trust fund created in 90-3-1002. (Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000.)~~

~~**15-35-108. (Effective July 1, 2005) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:~~

~~(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.~~

~~(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.~~

~~(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.~~

~~(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.~~

~~(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.~~

~~(6) Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the amount of 0.63% must~~

~~be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.~~

~~——— (7) All other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state."~~

Section 2. Section 23-4-105, MCA, is amended to read:

"23-4-105. Authority of board. (1) The board shall, subject to 37-1-101 and 37-1-121, promote, license, and regulate racing and review race meets held in this state under this chapter. All percentages withheld from amounts wagered must be deposited in the board's agency fund account. The board shall then distribute all funds collected under 23-4-202(4)(d), 23-4-204(3), and 23-4-302(3) to live race purses or for other purposes for the good of the existing horseracing industry. If the board decides to authorize new forms of racing, including new forms of simulcast racing, not currently engaged in Montana, it shall do so after holding public hearings to determine the effects of these forms of racing on the existing saddle racing program in Montana. The board should consider both the economic and safety impacts on the existing racing and breeding industry.

(2) The board shall use the video gambling machine gross income tax deposited in the board's agency fund account APPROPRIATION, as provided in ~~[section 1] 15-35-108~~ [SECTION 3], for the purposes specified in subsection (1)."

~~——— Section 4.~~ Section 23-5-610, MCA, is amended to read:

~~——— "23-5-610. (Temporary) Video gambling machine gross income tax -- records -- distribution -- quarterly statement and payment. (1) A licensed machine owner shall pay to the department a video gambling machine tax of 15% of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented.~~

~~——— (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for~~

1 ~~which a permit has been issued under this part if:~~

2 ~~——— (i) the permit was active for the video gambling machine on December 31, 2000;~~

3 ~~——— (ii) the department determines that the video gambling machine is incapable, in the form in which~~
4 ~~it was approved by the department, of communicating with the automated accounting and reporting~~
5 ~~system authorized by 23-5-637; and~~

6 ~~——— (iii) the licensed machine owner participates in the automated accounting and reporting system and~~
7 ~~incurs actual hardware or software costs prior to December 31, 2003, for conversion of the video~~
8 ~~gambling machine to make it compatible with the automated system.~~

9 ~~——— (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling~~
10 ~~machine or the actual hardware and software cost necessary for conversion of the video gambling machine~~
11 ~~to the automated accounting and reporting system, whichever is less.~~

12 ~~——— (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for~~
13 ~~the quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is~~
14 ~~connected to the automated accounting and reporting system authorized by 23-5-637.~~

15 ~~——— (4) A licensed machine owner shall keep a record of the gross income from each video gambling~~
16 ~~machine issued a permit under this part in the form the department requires. The records must at all times~~
17 ~~during the business hours of the licensee be subject to inspection by the department.~~

18 ~~——— (5) (a) For each video gambling machine issued a permit under this part but not connected to the~~
19 ~~department's automated accounting and reporting system, a licensed machine owner shall, within 15 days~~
20 ~~after the end of each quarter and in the manner prescribed by the department, complete and deliver to the~~
21 ~~department a statement showing the total gross income, together with the total amount due the state as~~
22 ~~video gambling machine gross income tax for the preceding quarter. The statement must contain other~~
23 ~~relevant information that the department requires.~~

24 ~~——— (b) For each video gambling machine issued a permit under this part that is connected to the~~
25 ~~department's automated accounting and reporting system, the department shall, within 5 working days~~
26 ~~after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to~~
27 ~~the licensed operator, if different from the licensed machine owner, on whose premises the machine is~~
28 ~~placed) a statement showing the total gross income from the video gambling machine, together with the~~
29 ~~total amount due the state as video gambling machine gross income tax for the preceding quarter. The~~
30 ~~licensed machine owner shall remit the total amount due the state under this subsection within 25 days~~

1 after the end of each quarter.

2 ~~—— (6) (a) Except as provided in subsection (7), the department shall, in accordance with the~~
3 ~~provisions of 15-1-501, forward deposit one-third of the tax collected under subsection (5) as follows:~~

4 ~~—— (i) 95% of the amount to the general fund; and~~

5 ~~—— (ii) 5% of the amount to the board of horseracing agency fund account.~~

6 ~~—— (b) The department shall, in accordance with the provisions of 15-1-501, forward the remaining~~
7 ~~two-thirds of the tax collected under subsection (5) to the treasurer of the county or the clerk, finance~~
8 ~~officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county~~
9 ~~or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling~~
10 ~~machines located in incorporated cities and towns. The two-thirds local government portion of tax~~
11 ~~collected under subsection (5) is statutorily appropriated, as provided in 17-7-502, to the department for~~
12 ~~deposit to the county or municipal treasury.~~

13 ~~—— (7) Receipts from the state's share of taxes collected under this section are pledged and dedicated~~
14 ~~to guarantee repayment of loans participated in under 23-5-638 in an amount sufficient to meet the~~
15 ~~prepayment obligation for the fiscal year during which the loans are made. The amount of taxes pledged~~
16 ~~by this subsection is the dollar amount of loan participation under 23-5-638 and must be allocated to a~~
17 ~~separate account in the short-term investment pool. The board of investments is not entitled to use the~~
18 ~~proceeds from taxes collected under this section to repay a loan made under 23-5-638 unless the board~~
19 ~~certifies that all other commercially available means of collection on the loan have been exhausted.~~
20 ~~(Terminates December 31, 2005--sec. 10, Ch. 424, L. 1999.)~~

21 ~~—— **23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- records --**~~
22 ~~**distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the department~~
23 ~~a video gambling machine tax of 15% of the gross income from each video gambling machine issued a~~
24 ~~permit under this part. A licensed machine owner may deduct from the gross income amounts equal to~~
25 ~~amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order,~~
26 ~~if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized~~
27 ~~entry and physical removal of the money from the machines or of machine tampering and the amounts~~
28 ~~stolen are documented.~~

29 ~~—— (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for~~
30 ~~which a permit has been issued under this part if:~~

- 1 ~~—— (i) the permit was active for the video gambling machine on December 31, 2000;~~
- 2 ~~—— (ii) the department determines that the video gambling machine is incapable, in the form in which~~
3 ~~it was approved by the department, of communicating with the automated accounting and reporting~~
4 ~~system authorized by 23-5-637; and~~
- 5 ~~—— (iii) the licensed machine owner participates in the automated accounting and reporting system and~~
6 ~~incurs actual hardware or software costs prior to December 31, 2003, for conversion of the video~~
7 ~~gambling machine to make it compatible with the automated system.~~
- 8 ~~—— (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling~~
9 ~~machine or the actual hardware and software cost necessary for conversion of the video gambling machine~~
10 ~~to the automated accounting and reporting system, whichever is less.~~
- 11 ~~—— (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for~~
12 ~~the quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is~~
13 ~~connected to the automated accounting and reporting system authorized by 23-5-637.~~
- 14 ~~—— (4) A licensed machine owner shall keep a record of the gross income from each video gambling~~
15 ~~machine issued a permit under this part in the form the department requires. The records must at all times~~
16 ~~during the business hours of the licensee be subject to inspection by the department.~~
- 17 ~~—— (5) (a) For each video gambling machine issued a permit under this part but not connected to the~~
18 ~~department's automated accounting and reporting system, a licensed machine owner shall, within 15 days~~
19 ~~after the end of each quarter and in the manner prescribed by the department, complete and deliver to the~~
20 ~~department a statement showing the total gross income, together with the total amount due the state as~~
21 ~~video gambling machine gross income tax for the preceding quarter. The statement must contain other~~
22 ~~relevant information that the department requires.~~
- 23 ~~—— (b) For each video gambling machine issued a permit under this part that is connected to the~~
24 ~~department's automated accounting and reporting system, the department shall, within 5 working days~~
25 ~~after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to~~
26 ~~the licensed operator, if different from the licensed machine owner, on whose premises the machine is~~
27 ~~placed) a statement showing the total gross income from the video gambling machine, together with the~~
28 ~~total amount due the state as video gambling machine gross income tax for the preceding quarter. The~~
29 ~~licensed machine owner shall remit the total amount due the state under this subsection within 25 days~~
30 ~~after the end of each quarter.~~

~~(6) (a) The department shall, in accordance with the provisions of 15-1-501, forward deposit
one-third of the tax collected under subsection (5) as follows:~~

~~(i) 95% of the amount to the general fund; and~~

~~(ii) 5% of the amount to the board of horseracing agency fund account.~~

~~(b) The department shall, in accordance with the provisions of 15-1-501, forward the remaining
two-thirds of the tax collected under subsection (5) to the treasurer of the county or the clerk, finance
officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county
or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling
machines located in incorporated cities and towns. The two-thirds local government portion of tax
collected under subsection (5) is statutorily appropriated, as provided in 17-7-502, to the department for
deposit to the county or municipal treasury."~~

NEW SECTION. SECTION 3. APPROPRIATION. (1) THERE IS APPROPRIATED \$250,000 FROM THE GENERAL
FUND TO THE BOARD OF HORSERACING FOR THE BIENNIUM BEGINNING JULY 1, 2001.

(2) THE APPROPRIATION PROVIDED FOR IN SUBSECTION (1) MUST BE USED FOR THE PURPOSES DESCRIBED IN
[SECTION 1].

NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an
integral part of Title 23, chapter 4, part 1, and the provisions of Title 23, chapter 4, part 1, apply to
[section 1].

~~NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2001.~~

~~NEW SECTION. SECTION 6. EFFECTIVE DATES. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS ACT] IS
EFFECTIVE ON PASSAGE AND APPROVAL.~~

~~(2) [SECTION 4] IS EFFECTIVE JULY 1, 2001.~~

NEW SECTION. SECTION 5. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JULY 1, 2001.

~~NEW SECTION. Section 7. Applicability. [This act] applies to video gambling machine tax liabilities~~

1 ~~occurring after June 30, 2001.~~

2

- END -